**Small Rural Hospital Improvement Program (SHIP)**

The SHIP program provides funds to help hospitals meet the requirements for Medicare's Prospective Payment System (PPS) and comply with the provisions of the Patient Protection and Affordable Care Act that deal with payment bundling, value-based purchasing, or accountable care organizations.

To be eligible for these grants, a hospital must:
- Have 49 or fewer beds, as reported on the hospital's most recently filed Medicare Cost Report
- Be located outside a Metropolitan Statistical Area (MSA) or located in a rural census tract of a MSA as determined under the Goldsmith Modification or the Rural Urban Commuting Areas
- Be a non-federal, short-term, general acute care facility

In addition, all designated Critical Access Hospitals (CAHs) are eligible, as well as hospitals with fewer than 50 beds located in an area designated by any state law or regulation as a rural area or as a rural hospital. For information on what areas are eligible for SHIP grants, see Geographic Eligibility for Rural Health Grant Programs.